

REMARKS

I. Introduction

Claims 1 to 22 are pending in the above-referenced application and are submitted for the Examiner's reconsideration. In view of the foregoing amendments and the following remarks, it is respectfully submitted that all of the presently pending claims are allowable, and reconsideration is respectfully requested.

II. Rejection of Claims 1 to 22 under the second paragraph of 35 U.S.C. § 112

With respect to Section 1 of the Office Action, claims 1 to 22 were rejected under the second paragraph of 35 U.S.C. § 112.

(a) Rejection of the term "substantially" in claims 1, 2, 11, 12, 21 and 22

Specifically, claims 1, 2, 11, 12, 21 and 22 were rejected, because the Examiner indicated that the term "substantially" is a vague limitation. Applicant respectfully traverses this rejection, and requests that it be withdrawn.

The second paragraph of 35 U.S.C. § 112 only requires that the claims set out and circumscribe a particular subject matter with a reasonable degree of clarity and particularity. In this regard, and as provided in M.P.E.P. § 2173.05(b), it is respectfully submitted that the use of relative terms, such as substantially, "may not be precise, [but] does not automatically render the claim indefinite under 35 U.S.C. § 112, second paragraph. *Seattle Box Co., v. Industrial Crating & Packing, Inc.*, 731 F.2d 818, 221 USPQ 568 (Fed. Cir. 1984). Acceptability of the claim language depends on whether one of ordinary skill in the art would understand what is claimed, in light of the specification." M.P.E.P. §2173.05(b) (emphasis added).

The M.P.E.P. clarifies that, although broad, the term "substantially" is an acceptable claim limitation. In Section 2173.05(b)(D), the M.P.E.P. states:

The term "substantially" is often used in conjunction with another term to describe a particular characteristic of the claimed invention. It is a broad term. *In re Nehrenberg*, 280 F.2d 161, 126 USPQ 383 (CCPA 1960). The court held that the limitation "to substantially increase the efficiency of the compound as a copper extractant" was definite in view of the general guidelines contained in the specification. *In re Mattison*, 509 F.2d 563, 184 USPQ 484 (CCPA 1975). The

court held that the limitation "which produces substantially equal E and H plane illumination patterns" was definite because one of ordinary skill in the art would know what was meant by "substantially equal." *Andrew Corp. v. Gabriel Electronics*, 847 F.2d 819, 6 USPQ2d 2010 (Fed. Cir. 1988).

Id. (emphasis added).

Claims 1, 2, 11, 12, 21 and 22 use the term substantially, to refer to "substantially the same payout" being provided or computed for each state of the set of defined states. The term "substantially the same payout" is definite in light of the specification for one of ordinary skill in the art, including, *inter alia*, in light of the discussion regarding a demand-based digital options exchange in Chapter 6, beginning on page 133.

Further, the term "substantially the same payout" is sufficiently definite for one of ordinary skill in the art, even without reference to the specification. M.P.E.P. § 2173.02 (" . . . a claim term that is not used or defined in the specification is not indefinite if the meaning of the claim term is discernible. *Bancorp Services, L.L.C. v. Hartford Life Ins. Co.*, 359 F.3d 1367, 1372, 69 USPQ2d 1996, 1999-2000 (Fed. Cir. 2004) (holding that the disputed claim term "surrender value protected investment credits" which was not defined or used in the specification was discernible and hence not indefinite because "the components of the term have well recognized meanings, which allow the reader to infer the meaning of the entire phrase with reasonable confidence.")

In view of the foregoing, it is respectfully requested that this indefiniteness rejection be withdrawn.

(b) Rejection of the limitation "termination criteria" in claims 1 to 22

Claims 1 to 22 were also rejected, because the Examiner indicated that there is insufficient antecedent basis for the limitation "termination criteria." In view of the amendments in claims 1 to 22, changing the limitation to "predetermined termination criteria," which has sufficient antecedent basis, it is respectfully requested that this rejection be withdrawn.

(c) Rejection of the limitation "computing" in claims 14 to 16

Claims 14 to 16 were also rejected, because the Examiner indicated that there is insufficient antecedent basis for the limitation "computing" in the claims. In view of the amendments in claims 14 to 16, changing the limitation of "the computing step" to "the compute step," which has sufficient antecedent basis, it is respectfully requested that this rejection be withdrawn.

III. Rejection of Claims 1 to 10 under the second paragraph of 35 U.S.C. § 101

With respect to Section 2 of the Office Action, claims 1 to 10 were rejected as non-statutory under Section 101.

The applicant does not understand the Examiner's rejection given the recent precedential opinion of the Board of Patent Appeals and Interferences in Ex parte Carl A. Lundgren (paper no. 78), Appeal No. 2003-2088 (U.S. Patent Application Serial No. 08/093,516) (case Heard April 20, 2004). In that opinion, the Board addressed the precise question raised by the Examiner as to a "technological arts" test and rejected it as inconsistent with binding precedent of the Supreme Court and the Court of Appeals for the Federal Circuit.

Under Lundgren, the Examiner has no basis for asserting that the claims do not meet the "technological arts" test, since the Board made clear that there is no such test in the U.S. patent laws.

To the extent that the Examiner maintains this rejection in view of Lundgren, it is respectfully requested that the Examiner explain how this rejection is supported in view of the Board's precedential Lundgren opinion.

Still further, it is respectfully submitted that the claims do satisfy Section 101 since they are directed to a process that is patentable since it has utility. Applicant respectfully refers the Examiner to the Lundgren opinion and M.P.E.P. sections 2106 and 2107 regarding the Examination Guidelines for the utility requirement. It is also respectfully submitted that the reasons advanced in support of the rejection simply are not tenable under either the Examination Guidelines or the case law, and that a *prima facie* case has not been presented as required by Sections 2106 and 2107 of the M.P.E.P.

In this regard, the Board of Patent Appeals, in reversing a Section 101 rejection as contrary to the law of State Street, has stated that claimed subject matter having a "practical application" is 35 U.S.C. §101 statutory subject matter if it represents a "useful, concrete and tangible result" under State Street, and has further stated that the Federal Circuit's reasoning in State Street is "intended to be broadly construed". See Ex parte Donner, 53 U.S.P.Q.2d 1699, 1702 (Bd. Pat. App. & Int. 1999).

Still further, the Federal Circuit, as well as the PTO, has not required that *method claims* recite how the method steps are to be performed. In AT&T Corp. v. Excel Communications Inc., 50 U.S.P.Q.2d 1447 (Fed. Cir. 1999), the Federal Circuit stated that

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the claims of U.S. Patent No. 5,333,184 ("the '184 patent") were plainly directed to 35 U.S.C. §101 statutory subject matter. See id. at 1452. ("Excel also contends that because the process claims at issue lack physical limitations set forth in the patent, the claims are not patentable subject matter. This argument reflects a misunderstanding of our case law. . . . Since the claims at issue in this case are directed to a process in the first instance, a structural inquiry is unnecessary").

It is therefore respectfully requested that the Section 101 rejection of claims 1 to 10 be withdrawn in view of the Lundgren precedential opinion of the Board of Patent Appeals and Interferences (in its *per curiam* opinion)

IV. Conclusion

It is therefore respectfully submitted that all of the presently pending claims are allowable. All issues raised by the Examiner having been addressed, an early and favorable action on the merits is earnestly solicited.

Respectfully submitted,

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